

Michigan Specific Forms for Mortgage Application

Name of Company or Individual Applicant	Tax ID number (FEIN) or SSN for individuals

On April 3, 2008, new forms go into effect to apply for licence or registration as a First or Second Mortgage Broker, Lender or Servicer in Michigan. Michigan will require submission of forms MU1 and MU2, and these Michigan specific forms. All forms are available on our website at www.michigan.gov/ofir. Current forms now cover both first and second mortgage.

Registration vs. License

Michigan law allows applicants to be *licensed* or *registered*. Registration is not subject to the investigation fee (\$450 as of 2008, check current fee amounts on the OFIR website). To *register*, an applicant must qualify to register and furnish verification. See the worksheet below (Item 2A) for a complete description of the qualifications for registration.

There are differences in the qualifications for first and second mortgage. For example, an applicant for a first mortgage broker *license* can (and typically does) apply to *register* as a second mortgage broker. Applying for or holding a second mortgage *license* does not qualify the applicant to *register* as a first mortgage broker.

First mortgage profession types (broker, lender or servicer) qualify an applicant or licensee to *register* for the corresponding second mortgage profession types. For example, a first mortgage broker *and* lender applicant qualifies for registration as a second mortgage broker, second mortgage lender, or both. In this example, the applicant couldn't *register* as a second mortgage servicer since they are not applying for, or licensed as a first mortgage servicer.

Part one - Worksheet

1. **First Mortgage profession types.** Are you applying for (or do you already hold) license or registration as a First Mortgage profession type?

☐ Yes ☐ No

If Yes, mark the checkboxes in 1A and 1B to indicate the profession types you are applying for or already hold. If No, skip to Item 3.

1A. This is an application for a new

- ☐ Broker (First Mortgage)
☐ Lender (First Mortgage)
☐ Servicer (First Mortgage)

1B. Already licensed or registered in Michigan as a

- ☐ Broker (First Mortgage)
☐ Lender (First Mortgage)
☐ Servicer (First Mortgage)


2. **Are you applying for First Mortgage *License* or *Registration*?** Mark one checkbox to indicate if you are applying for License or Registration.

☐ License (First Mortgage) *Proceed to Item 3*

☐ Registration (First Mortgage) *Mark the checkbox(es) in 2A. to indicate the qualification(s) that make this applicant eligible for registration*

2A. First Mortgage qualifications for Registration. Applicant is *(check all that apply)*

- ☐ An FNMA or FHLMC seller or servicer
☐ An GNMA issuer or servicer
☐ A subsidiary or affiliate of a depository financial institution
- ☐ An individual or entity with a valid Michigan real estate license who will act as a mortgage broker only and broker to one licensee or registrant
- OR
- ☐ An individual or entity with a valid Michigan real estate license who will act as a broker, lender and/or servicer only in connection with its own real estate sales

 *If you checked any boxes in 2A, current verification of the qualification(s) selected must accompany your application filing. Applications for registration that do not include verification will be returned without review.*



Michigan Department of Labor & Economic Growth

Visit OFIS online at: www.michigan.gov/ofis Phone OFIS toll-free at: 1-877-999-6442

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, sexual orientation, religion, age, national origin, color, marital status, political beliefs or disability. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

Worksheet *continued from page 1*

3. **Second Mortgage profession types.** Are you applying for (or do you already hold) license or registration as a Second Mortgage profession type?

☐ Yes ☐ No

If Yes, mark the checkboxes in 3A and 3B to indicate the profession types you are applying for or already hold. If No, your worksheet is finished.

3A. This is an application for a new

- ☐ Broker (Second Mortgage)
☐ Lender (Second Mortgage)
☐ Servicer (Second Mortgage)

3B. Already licensed or registered in Michigan as a

- ☐ Broker (Second Mortgage)
☐ Lender (Second Mortgage)
☐ Servicer (Second Mortgage)

4. **Second Mortgage License or Registration.** *Mark one checkbox to indicate if you are applying for License or Registration.*

- ☐ Registration (Second Mortgage) where the applicant is also applying for (or already holds) a First Mortgage license or registration for the same profession types applied for. No additional qualification is required. *Your worksheet is finished.*
- ☐ License (Second Mortgage) *Your worksheet is finished.*
- ☐ Registration (Second Mortgage) *Mark the checkbox(es) in 4A. to indicate the qualification(s) that make this applicant eligible for registration*

4A. Second Mortgage qualifications for Registration. Applicant is
(check all that apply)

- ☐ An FNMA or FHLMC seller or servicer
☐ An GNMA or FHLMC issuer or servicer
☐ A subsidiary or affiliate of a depository financial institution



If you checked any boxes in 4A, current verification of the qualification(s) selected must accompany your application filing. Applications for registration that do not include verification will be returned without review. Your worksheet is finished.

Current fees for mortgage license and registration are listed on the OFIR website. Use the results from the worksheet to calculate the fees due with your application filing.

Part two - Michigan Specific Interrogatories

Michigan Resident Agent - Street address is REQUIRED

(person who will accept service of process on company's behalf)

All applicants must list their Michigan Resident Agent.

If applicant is a Corporation, Limited Liability Company, or Limited Partnership, Michigan Resident Agent and address must agree with that on file with the Corporation Division of the State of Michigan Bureau of Commercial Services.

Name _____

Number, street and floor or suite number _____

City _____

State _____

Zip _____

Broker applicants only:

Will you receive any money from prospective borrowers before closing mortgage loans? (referred to as upfront fees)

☐ Yes ☐ No

Note that collecting money in advance of loan closings changes the net worth requirements and the proof of financial responsibility requirements (checklist items 1 and 2). *If you answered "No," read and sign the exemption declaration at the right*

Exemption Declaration: By signing below, I indicate that I understand and agree that a mortgage broker who receives funds from a prospective borrower before the closing of a mortgage loan without first providing a proof of financial responsibility deposit acceptable to the Commissioner, is subject to immediate revocation, suspension, or non-renewal of its registration or license in addition to applicable fines and penalties. *Sign below, enter name and title if broker applicant is a business entity.*

Signature _____

Signer's name and title *(if applicant is a business entity)* _____

Part three - Filing Checklist

Use this checklist to assure that you are filing a complete application. Incomplete applications will be returned without review.

- ☐ 1. Financial Statement *Form FIS 2053 most recent revision from the OFIR website. Required for all applicants. Complete in accordance with generally accepted accounting principles. Applicant must meet the net worth requirements in column A (of table 1 below).*

- ☐ 2. Proof of Financial Responsibility Deposit - Submit a surety bond, letter of credit. Bond forms and sample letter and statement are included in this form.

If application is for First AND Second Mortgage license/registration, provide the appropriate proof of financial responsibility for each on a separate document.

Table 1

	A) Net Worth Requirements <i>Do not add amounts. The highest amount that pertains to your application type is the minimum net worth required for all license/registration types you are applying for at this time (see example).</i>	B) Proof of Financial Responsibility Deposit <i>If application is for only first OR only second mortgage, use the highest amount that pertains to your application. If applying for first AND second, submit proof of financial responsibility using the highest amount for each (see example).</i>
First or Second Mortgage Broker (who collects no upfront fees)	\$15,000	not required*
First or Second Mortgage Broker (who collects upfront fees)	\$25,000	\$25,000
First or Second Mortgage Lender	\$25,000	\$25,000
First or Second Mortgage Servicer	\$100,000	\$125,000

Example: *Application is for a first mortgage broker who will collect upfront fees, and a first mortgage lender, and a second mortgage broker who will collect upfront fees*

A second mortgage broker (who collects upfront fees) has a net worth requirement of \$25,000. A first mortgage broker (who collects upfront fees) has a net worth requirement of \$25,000. A first mortgage lender also has a net worth requirement of \$25,000. Use \$25,000 as the total net worth requirement.

A first mortgage broker (who collects upfront fees) has a financial responsibility requirement of \$25,000 as does a first mortgage lender. A second mortgage broker (who collects upfront fees) has a financial responsibility requirement of \$25,000. Submit two separate proofs of financial responsibility: \$25,000 (the highest amount for first mortgage), AND \$25,000 (the highest amount for second mortgage).

* A mortgage broker who receives funds from a prospective borrower before the closing of a mortgage loan without first providing a proof of financial responsibility deposit acceptable to the Commissioner, is subject to immediate revocation, suspension, or non-renewal of its registration or license in addition to applicable fines and penalties.

- ☐ 3. Articles of Incorporation/Organization: All entities except individuals must first be registered with the Michigan Corporation Division (517/241-6470). Attach a copy of the entity's filing showing Michigan Corporation Division approval.
- ☐ 4. Individuals operating under a dba (assumed name) must register with the counties they are doing business in. Attach a copy of each dba filing to your application.
- ☐ 5. Additional Description of Business: List the names and business addresses of the three primary licensees, registrants, or exempt institutions that applicant will broker and/or assign mortgage loans. Note that under Michigan law, a licensee/registrant may broker or assign loans only to licensees, registrants, or exempt institutions. Mortgage Servicers: List the names and business addresses of the three primary entities for whom licensee/registrant will service loans.
- ☐ 6. If applicant has any control relationships (is controlled by OR controls another entity), attach an organizational chart showing all control relationships as requested on form MU-1, Line 7 (A) and (B).
- ☐ 7. Complete and include form MU-1. Sign the execution before a notary public. The execution of form MU-1 certifies all documents, exhibits and schedules attached to form MU-1 to complete your application filing.
- ☐ 8. For each person listed as a control person on form MU-1, Schedule A, complete and submit form MU-2.
- ☐ 9. Using the current fee schedule from the OFIR website and the Worksheet (part one of this form), calculate the amount due for this application. Attach a check or money order for full amount due, payable in US Dollars to State of MI.

When application filing is complete, submit

by mail to:
OFIR
PO Box 30220
Lansing MI 48909-7720

by delivery to:
OFIR - 3rd floor
611 W. Ottawa St
Lansing MI 48933

Bond - FIRST Mortgage Broker, Lender, and/or Servicer

Complete and attach this form with original signatures to your application as instructed on the application checklist. If Principal is applying as both a First AND a Secondary Mortgage Broker, Lender and/or Servicer, also submit a Proof of Financial Responsibility Deposit for second mortgage.

<i>Name of Principal</i>		

<i>Complete physical address (as entered on form MU-1)</i>		

<i>City</i>	<i>State</i>	<i>Zip Code</i>

and

<i>Name of Surety</i>		

<i>Complete physical address</i>		

<i>City</i>	<i>State</i>	<i>Zip Code</i>

are held and firmly bound unto the People of the State of Michigan, for the use of said State and of any person or persons who may have a cause of action against the above principal under the provisions of Act No. 173, Public Acts of 1987, as amended, in the sum of \$ _____, lawful money of the United States, to be paid to the said People of the State of Michigan, or its assigns, for payment to be well and truly made, we bind ourselves, our heirs, executors, administrators, successors, and legal representatives, jointly and severally, firmly by these presents.

Sealed with our seals, and dated this _____ day of _____, 20____.

Whereas, the above bounden principal has received, or is about to receive, a license from the Commissioner, Office of Financial and Insurance Regulation of said State of Michigan authorizing the PRINCIPAL to engage in the business of a mortgage broker, lender or servicer under the provisions of Act No. 173, Public Acts of 1987, as amended.

The condition of this obligation is such, that if the said principal will conform to and comply with each and every provision of Act No. 173, Public Acts of 1987, as amended, and all rules and regulations lawfully promulgated thereunder by the Commissioner, Office of Financial and Insurance Regulation of the State of Michigan, and will pay to said State and to such person or persons, any and all monies that may become due or owing to said State and to such person or persons from the obligor, principal, and by virtue of the provisions of said Act No. 173, Public Acts of 1987, as amended, then this obligation shall be void, otherwise it is to remain in full force and effect.

This bond shall be effective _____, 20____ and shall be in force for the term ending December 31, 20____. This bond may be continued in force for an additional term or terms by suitable continuation certificates executed by the surety with the approval of the Commissioner, pursuant to such regulations as may hereafter be provided.

In the presence of

(Witness Signature)

(Witness name, typed or printed)

(Witness Signature)

(Witness name, typed or printed)

(Surety Signature)

(Principal Signature)

Bond - SECOND Mortgage Broker, Lender, and/or Servicer

Complete and attach this form with original signatures to your application as instructed on the application checklist. If Principal is applying as both a First AND a Secondary Mortgage Broker, Lender and/or Servicer, also submit a Proof of Financial Responsibility Deposit for first mortgage.

Name of Principal

Complete physical address (as entered on form MU-1)

City

State

Zip Code

and

Name of Surety

Complete physical address

City

State

Zip Code

are held and firmly bound unto the People of the State of Michigan, for the use of said State and of any person or persons who may have a cause of action against the above principal under the provisions of Act No. 125, Public Acts of 1981, as amended, in the sum of \$ _____, lawful money of the United States, to be paid to the said People of the State of Michigan, or its assigns, for payment to be well and truly made, we bind ourselves, our heirs, executors, administrators, successors, and legal representatives, jointly and severally, firmly by these presents.

Sealed with our seals, and dated this ____ day of _____, 20____.

Whereas, the above bounden principal has received, or is about to receive, a license or registration from the Commissioner, Office of Financial and Insurance Regulation of said State of Michigan authorizing the PRINCIPAL to engage in the business of a mortgage broker, lender or servicer under the provisions of Act No. 125, Public Acts of 1981, as amended.

The condition of this obligation is such, that if the said principal will conform to and comply with each and every provision of Act No. 125, Public Acts of 1981, as amended, and all rules and regulations lawfully promulgated thereunder by the Commissioner, Office of Financial and Insurance Regulation of the State of Michigan, and will pay to said State and to such person or persons, any and all monies that may become due or owing to said State and to such person or persons from the obligor, principal, and by virtue of the provisions of said Act No. 125, Public Acts of 1981, as amended, then this obligation shall be void, otherwise it is to remain in full force and effect.

This bond shall be effective _____, 20____ and shall be in force for the term ending December 31, 20____. This bond may be continued in force for an additional term or terms by suitable continuation certificates executed by the surety with the approval of the Commissioner, pursuant to such regulations as may hereafter be provided.

In the presence of

(Witness Signature)

(Surety Signature)

(Witness name, typed or printed)

(Witness Signature)

(Principal Signature)

(Witness name, typed or printed)

SPECIMEN LETTER OF CREDIT

For Use With First OR Second Mortgage Applications for Michigan Mortgage Brokers, Lenders, and Servicers

Under Act. No. 173 of the Public Acts of 1987, as amended (first mortgage); or Act No. 125 of the Public Acts of 1981, as amended (second mortgage).

IRREVOCABLE STANDBY LETTER OF CREDIT NO. <issuing bank assigns number>

Commissioner, Office of Financial and Insurance Regulation
Mortgage and Consumer Finance Section 3rd floor
611 W. Ottawa St.
Lansing, MI 48933

Commissioner:

We hereby establish our Irrevocable Standby Letter of Credit No. <enter number> in your favor for the account of <account party> up to the aggregate amount of U.S. \$ <use Proof of Financial Responsibility Deposit amount from Table 1 on page 3>.

The credit amount is available to you by your draft(s) on us at sight when accompanied by your signed and dated statement reading as follows:

"The undersigned (the "Commissioner") hereby demands the sum of (amount to be specified) under <name of issuing bank> (the "Issuing Bank") Irrevocable Letter of Credit No. <specify> (the "Credit"), issued for the account of <name of Mortgage Broker/Lender/Servicer> (the "Account Party"), as evidenced by the sight draft accompanying this statement, and certifies that one or more of the following has occurred:

1. The Account Party, at the sole determination of the Commissioner, has not conducted business in accordance with the Michigan Mortgage Brokers, Lenders, and Servicers Licensing Act, Act No. 173 of the Public Acts of 1987, as amended (first mortgage); or Act No. 125 of the Public Acts of 1981, as amended (second mortgage).
2. The Account Party, at the sole determination of the Commissioner, has not conducted business in accordance with a rule promulgated by the Commissioner, pursuant to the Michigan Mortgage Brokers, Lenders, and Servicers Licensing Act, Act No. 173 of the Public Acts of 1987, as amended (first mortgage); or Act No. 125 of the Public Acts of 1981, as amended (second mortgage).
3. The Account Party, at the sole determination of the Commissioner, has not paid money as such money has come due.
4. The Commissioner has been notified by the Issuing Bank that it has elected not to extend the expiration date of the Credit, and the Account Party has failed to provide a replacement letter of credit or other proof of financial responsibility specified under the Michigan Mortgage Brokers, Lenders, and Servicers Licensing Act, Act No. 173 of the Public Acts of 1987, as amended, or Act No. 125 of the Public Acts of 1981, as amended, fully acceptable to the Commissioner, at least sixty (60) days prior to the current expiry of the Credit."

Drafts must be presented at our office at <enter full street address of office> no later than December 31, <enter year>.

All drafts must be marked: "Drawn under Irrevocable Standby Letter of Credit No. <enter number>, dated <enter date>."

It is a condition of the Letter of Credit that it be automatically extended for a period of one year from its present or future expiration date unless we notify you in writing by registered mail at least ninety (90) days prior to such date that we elect not to extend the expiration of this Letter of Credit for such additional period.

We hereby agree with you that drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation.

This credit is subject to Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication 600.

Sincerely,

<Authorized Signature - issuing bank>